



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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9 JULY 1965

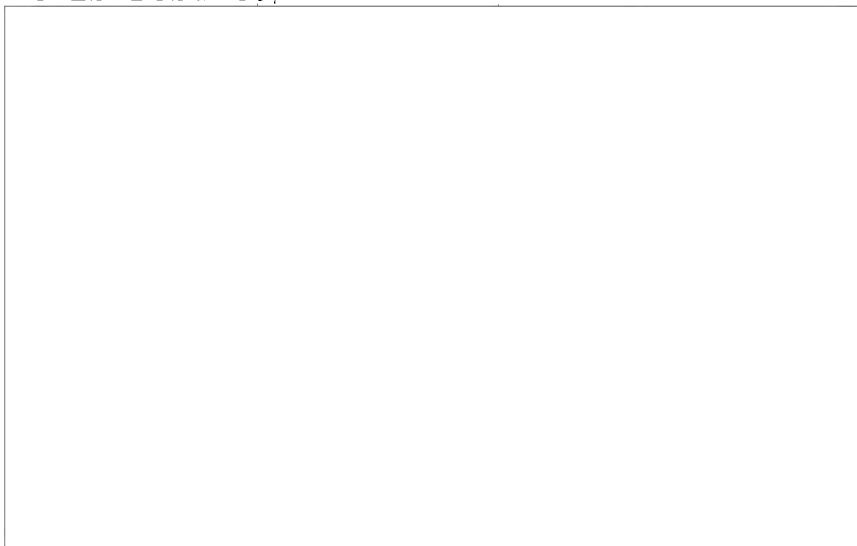
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DAILY BRIEF
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1. Vietnam

Hanoi has given UK emissary Harold Davies a rather cool welcome, which emphasizes he is being received on a personal basis.

Davies, who expects to spend four days in Hanoi, has been instructed to confine himself to urging Hanoi to accept the Commonwealth mission. The North Vietnamese radio, however, has already said that his visit would not lead to this result.



In South Vietnam,

morale of government troops has slipped to a new low.

the morale rise engendered by the first air strikes has worn off and that morale is being sapped by the high casualties suffered since the Viet Cong monsoon campaign got under way.

2. Dominican Republic

No new developments were reported from Santo Domingo today.

3. Algeria

The makeup of Algeria's new 26-man "Revolutionary Council"--announced by Boumedienne this week--shows little promise of providing effective leadership.

One of the main problems is the lack of administrative talent to correct the mismanagement of the Ben Bella era.

[redacted] Boumedienne tried to persuade several of the old leaders of the revolution to join him, but their price was too high. As a result, the key ministers are mostly Ben Bella holdovers who show no signs that they know what should be done differently.

The government continues to get cool treatment from the public and Boumedienne in turn is probably under heavy pressure to make quick economic improvements.

4. Italy

Premier Moro's Christian Democrats may again face some heavy weather.

Another financial scandal involving a prominent member of the party is increasing the friction between the Christian Democrats and its coalition partners. The Socialists, the second largest party in the coalition, have lined up with opposition forces on this question.

The scandal itself is unlikely to produce a government crisis, but it could trigger a showdown between Christian Democrats and Socialists over basic policy differences.

5. World Peace Congress

A World Peace Congress, staged by a Soviet-controlled front, the World Peace Council, opens tomorrow in Helsinki. Its main purpose is to provide a propaganda forum against US foreign policy, but the meeting may degenerate into another donnybrook between the Chinese and Soviet delegations.

The Soviets have taken a number of procedural steps to head off expected attempts by the Chinese to turn the meeting against the USSR, but these seem insufficient to prevent another bitter Sino-Soviet confrontation.

6. The Communist World Crop prospects this year for the major Communist countries now look like this:

- A generally good winter grain crop for the USSR and China.
- An uncertain outlook for Eastern Europe because of an unusually cold and rainy spring.
- A promising spring rice crop in North Vietnam which may equal the bumper crop of last year.

These countries, however, will still import large quantities of grain this year. The free world will likely provide between 15 and 16 million tons.

7. USSR

Moscow has been furnishing military equipment to underdeveloped nations in Africa and Asia for over ten years. The drive to tie these countries to Soviet sources of supply does not seem to have been affected by the ouster of Khrushchev, the major architect of the program.

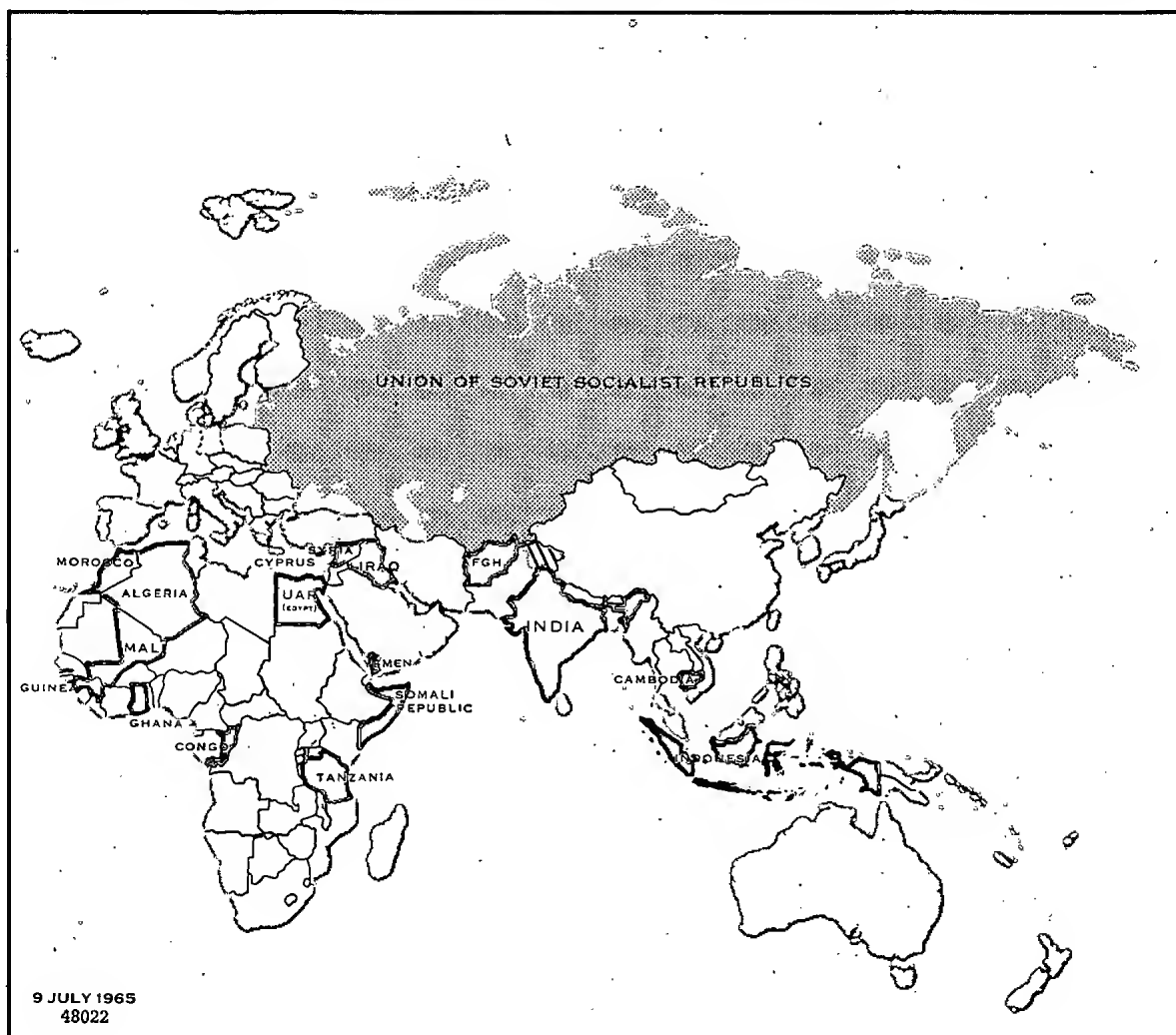
Shipments have continued and supplementary contracts have been signed by the Brezhnev-Kosygin team, but no major new agreements have been negotiated. A rundown of the Soviet experience in this field is at Annex.

8. Ecuador

The military junta and its security forces are tensed to meet the nationwide opposition demonstrations planned for tonight. Scattered mob incidents occurred during the past 24 hours but public order has been generally secure.

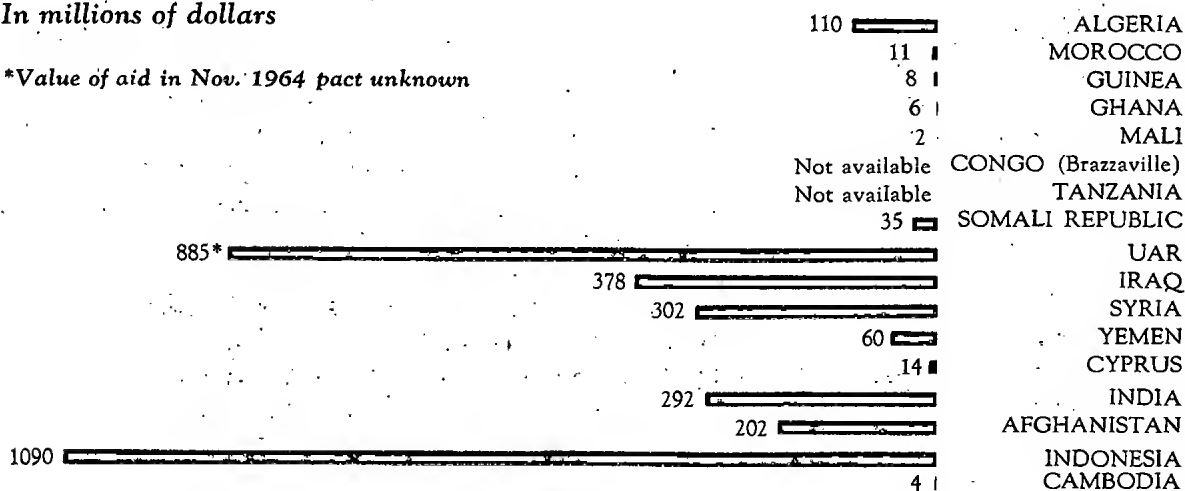
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SOVIET MILITARY AID TO UNDERDEVELOPED COUNTRIES



In millions of dollars

*Value of aid in Nov. 1964 pact unknown



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ANNEX

Moscow's Military Aid in the Free World

Since 1954, the bill for Soviet military aid to a carefully selected list of free world countries (see map) has run to more than \$3.4 billion. In the early days, most of the equipment supplied came out of stockpiles of hardware which was obsolescent by Soviet standards. More recently, the Soviets have shown themselves willing to ship conventional hardware still in active use by the Soviet armed forces. Some of it has come directly off Soviet production lines. In the case of MIG-21 fighters, the Soviets since 1960 have maintained a special plant which produces MIGs for export. Surface-to-air missiles aside, no sophisticated, nonconventional weaponry has been included.

A major focus of the Soviet effort has always been the Arab states, in North Africa, and the Middle East. Egypt, where Moscow first experimented with military aid, remains a key recipient. Today, Nasir's armed force is organized along Soviet lines and is equipped almost exclusively with Soviet materiel. Late last year Moscow offered Cairo a wide variety of new equipment, some of which has not been in other than Soviet hands. Details of this deal are still being negotiated. The Soviets are also helping Nasir to produce some naval items.

The Kremlin has also taken advantage of Nasir's proclivity for supporting revolutionary activity to insert Soviet hardware elsewhere. [REDACTED]

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[REDACTED] Also, the Soviets have offered to provide arms, on most favorable terms, to member states of the United Arab Command.

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The Soviets have also maintained direct contact with other Arab states, most importantly Algeria. In fact, Soviet equipment has been poured into Algeria faster than it could be assimilated. Some

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Soviet aircraft have been in Algeria for six months and have not yet been flown.

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The Soviet effort in Africa below the Sahara has been limited in scope, probably because Moscow regards the governments there as unstable and inept. The fact that the Soviets have received setbacks in this area may also color their view. They must balance this, however, against a desire to keep a foot in an area where the Chinese Communists are active.

The most recent Soviet initiative has come in India. Prior to mid-1964 Soviet aid to New Delhi was limited to aircraft. Since then, India's air defense system has begun incorporating Soviet surface-to-air missiles, and agreement has been reached to set up production facilities for MIG-21s in India. Tanks and artillery have been added to the aid list.

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Over the years, Indonesia has been the largest single recipient of Soviet arms. Today, the Indonesian armed forces are almost totally dependent on Soviet sources of supply. While this fact gives Moscow some leverage in Djakarta, it has not prevented Sukarno's flirtation with Peiping and other moves which Moscow finds distasteful. Deliveries under old contracts continue, but a gradual levelling off in this program may be in the cards.

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